

Message Text

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PAGE 01 JAKART 04173 311025Z
ACTION EA-12

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TO SECSTATE WASHDC 7818
INFO USDOC WASHDC

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E.O. 11652: N/A
TAGS: BDIS, TECH, ID
SUBJECT: GERMAN SUBSIDIARY OF US FIRM PLANS PROTEST OF GOI CONTRACT
AWARD

REF: (A) MEMORANDUM 3/21/78 (COPIES SENT TO EA/EP, EA/TIMBS,
USDOC/MEPD); (B) JAKARTA 0876

1. REF A CONCERNED DECISION TO AWARD CONTRACT FOR STRUCTURAL TESTING LABORATORY TO BE BUILT IN CONNECTION WITH THE GOI'S NATIONAL CENTER FOR RESEARCH, SCIENCE AND TECHNOLOGY (PUSPIPTTEC), TO A GERMAN FIRM, CARL SCHENK AG. A U.S. FIRM, MTS SYSTEMS OF MINNEAPOLIS, BERLIN-BASED SUBSIDIARY OF THE SAME NAME, WAS INVITED TO TENDER ON THIS LABORATORY AND SUBMITTED A PROPOSAL/ QUOTATION. THERE IS A GOOD DEAL OF CONFUSION CONCERNING THE MTS PROPOSAL; EVALUATING AGENCY, THE ADVANCED TECHNOLOGY DIVISION OF PERTAMINA (AT/P), CLAIMS IT DID NOT RECEIVE ORIGINAL PROPOSAL AND MTS RESUBMITTED ONLY TO LEARN THAT ITS RESUBMISSION WAS NOT CONSIDERED BECAUSE IT ARRIVED AFTER DEADLINE. AT/P IS HEADED BY DR. B.J. HABIBIE, NEWLY NAMED TO THE POST OF MINISTER OF TRADE FOR RESEARCH AND TECHNOLOGY, AND THERE HAVE BEEN HINTS OF PRO-GERMAN COMMERCIAL BIAS BOTH WITH REGARD TO THE AWARDED OF THIS PARTICULAR CONTRACT AND WITH REGARD TO AT LEAST ONE OTHER PROJECT, THE BINTAN ALUMINA SMELTER (REF B).

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2. MTS SYSTEMS CONTACTED US VIA TELEX MARCH 30 TO INFORM US IT IS CONSIDERING MAKING A FORMAL WRITTEN PROTEST TO CHAIRMAN OF BOARD OF DIRECTORS OF PUSPIPTTEC WITH COPIES TO BAPPENAS, MINISTRY OF FINANCE, BANK INDONESIA, AND PROBABLY DR. HABIBIE ALLEGING "INSUFFICIENT PROFESSIONAL EVALUATION, LACK OF ECONOMIC JUSTIFICATION, AND PERSONAL

BIAS TWOARD CARL SCHENK."

3. WE ARE UNABLE TO EVALUATE MTS SYSTEMS' ALLEGATIONS,
ALTHOUGH WE SUSPECT THEY MAY HAVE SOME JUSTIFICATION.
IF DEPARTMENT CONCURS, WE REQUEST YOU FORWARD FOLLOWING
REPLY VIA COMMERCIAL TELEX: BEGIN UNCLASSIFIED

TO: KURT HELLBERG
DREGIONAL DIRECTOR--PACIFIC
MTS SYSTEMS CORPORATION
BOX 24012
MINNEAPOLIS, MINNESOTA 55424
TELEX 290521

FOR YOUR INFORMATION, ON MARCH 29 DR. B.J. HABIBIE WAS
NAMED TO THE INDONESIAN CABINET AS MINISTER OF SATE FOR
RESEARCH AND TECHNOLOGY. THIS WILL MAKE HABIBIE EVEN
MORE INFLUENTIAL WITH REARD TO PUSPIPTC AND OTHER PRO-
JECTS THAN BEFORE. AS WE PREVIOUSLY DISCUSSED, THERE
ARE A NUMBER OF ADDITIONAL PORTIONS OF THE PUSPIPTC
PROJECT TO BE BUILT DURING INDONESIA'S THIRD FIVE YEAR
PLAN (1979-1984), AND MTS WOULD NOT WANT TO DAMAGE ITS
CHANCES TO COMPETE FOR THESE PROJECTS. I URGE THAT
UNLESS YOU HAVE COMPELLING REASONS YOU AVOID ACCUSATIONS
OF PERSONAL BIAS AND CONFINE YOUR PROTEST TO PROCEDURAL
AND EVALUATION INADEQUACIES. REGARDING THE QUESTION OF
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WHOM TO INFO IN THE GERMAN EMBASSY, THE COMMERCIAL
CUNSELLOR IS MR. ARNULF MATTES, EMBASSY OF THE FEDERAL
REPUBLIC OF GERMANY, 1 JALAN THAMRIN, JAKARTA, INDONESIA.
I ALSO URGE YOU GIVE CAREFUL CONSIDERATION TO FINDING
RESIDENT AGENT TO REPRESENT MTS IN JAKARTA. BEST RE-
GARDS, STANLEY R. IFSHIN, AMERICAN EMBASSY JAKARTA. END
UNCLASSIFIED.

4. PLEASE INFORM US OF DEPARTMENT ACTION WITH REGARD TO
COMMERCIAL TELEX.
MASTERS

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NNN

Message Attributes

Automatic Decaptioning: Z
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